Supreme Court, U.S.
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No. 08-752

In The

Supreme Court of the United States

BRENNAN'S, INC.,

Petitioner,

v.

BERT CLARK BRENNAN
and BLAKE W. BRENNAN,

Respondents.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

(1) When a trademark owner enters into a consent-to-use agreement or a license agreement regarding the trademark owner's trademark, (a) do the terms of that consent-to-use agreement or license agreement extend to all non-contracting third parties? or (b) may a non-contracting third party rely on that consent-to-use agreement or license agreement as a defense to trademark infringement? or (c) may a non-contracting third party rely on that consent-to-use agreement or license agreement as a basis to use another's trademark without the proper authority from the trademark owner?

(2) Does a trademark license agreement entered into between a trademark owner and another party weaken the trademark that is the subject of the license agreement?

LIST OF PARTIES TO THE PROCEEDING

The parties to this proceeding are Brennan's, Inc., the Plaintiff/Petitioner, and Bert Clark Brennan and Blake W. Brennan (hereinafter, "Clark and Blake"), the Defendants/Respondents. There are no parent corporations of Brennan's, Inc., as it is owned by three individual shareholders.

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
LIST OF PARTIES TO THE PROCEEDING	ii
TABLE OF CONTENTS	iii
TABLE OF AUTHORITIES	v
OPINIONS BELOW	1
JURISDICTION	1
STATUTORY PROVISIONS INVOLVED	2
STATEMENT OF CASE	3
1. 1979 License Agreement	5
2. 1998 Agreement	6
3. Current Dispute	7
4. The District Court Action	9
5. The District Court's Decision	10
6. The Fifth Circuit's Decision	13
REASONS FOR GRANTING PETITION	13
I. The Circuit Split	14
Federal Circuit	15
Second Circuit	18
Third Circuit	19
Fifth Circuit	20
Seventh Circuit	21
District Courts	24

TABLE OF CONTENTS – Continued

Page

II. The Fifth Circuit Has Departed from the Various Precedents Construing 15 U.S.C. §1055 with Its Holding that License Agreements Weaken Trademarks 27

III. Need for a Clear Precedent 31

IV. This Case Is a Good Vehicle to Resolve the Questions Presented 34

CONCLUSION 34

APPENDIX

Per Curiam Opinion of the United States Court of Appeals for the Fifth Circuit, dated August 6, 2008 ..... App. 1

Memorandum Opinion and Order of the United States District Court for the Southern District of Mississippi, Jackson Division, dated May 23, 2007 ..... App. 7

Order of the United States Court of Appeals for the Fifth Circuit, denying the Petition for Rehearing, dated September 10, 2008 ..... App. 42

TABLE OF AUTHORITIES

Page

FEDERAL CASES

American Fid. & Liberty Ins. Co. v. American Fid. Group, 2000 U.S. Dist. LEXIS 13863 (E.D. Pa. Sept. 25, 2000) 24

Barcamerica Int'l USA Trust v. Tyfield Imps., Inc., 289 F.3d 589 (9th Cir. 2002) 28

Brennan's, Inc. v. Brennan's Restaurants, Inc. CA No. 76-1535 (E.D. La. 1976) 5

Brennan's, Inc. v. Brennan, 512 F. Supp. 2d 559 (S.D. Miss. 2007) 1, 20

Brennan's, Inc. v. Brennan, No. 07-60497, 2008 U.S. App. LEXIS 16890 (5th Cir. Aug. 6, 2008) 20

California Fruit Growers Exchange v. Sunkist Baking Co., 166 F.2d 971 (7th Cir. 1947) 22

California Fruit Growers Exchange v. Windsor Beverages, 118 F.2d 149 (7th Cir. 1941) 21, 22

CBS, Inc. v. Morrow, 708 F.2d 1579 (Fed. Cir. 1983) 17

Croton Watch Co. v. Laughlin, 208 F.2d 93, 99 U.S.P.Q. 299 (2d Cir. 1953) 18, 19

Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358 (2d Cir. 1959) 28

DC Comics v. Pan Am. Grain Mfg. Co., Inc., 77 U.S.P.Q. 2d 1220, 2005 TTAB LEXIS 358 (T.T.A.B. 2005) 26, 27

TABLE OF AUTHORITIES – Continued

Page

Dep't of Parks & Recreation v. Bazaar Del Mundo, Inc., 448 F.3d 1118 (9th Cir. 2006).....28

Doeblers' Pennsylvania Hybrids, Inc. v. Doebler, 442 F.3d 812 (3d Cir. 2006).....28

Elvis Presley Enters., Inc. v. Capece, 141 F.3d 188 (5th Cir. 1998).....11

Freedom Card, Inc., et al. v. JP Morgan Chase & Co., et al., 432 F.3d 463 (3d Cir. 2005).....19, 20

In re E. I. DuPont de Nemours & Co., 476 F.2d 1357 (C.C.P.A. 1973).....15

In re Majestic Distilling Co., 315 F.3d 1311 (Fed. Cir. 2003).....15, 16

Kmart Corp. v. Cartier, Inc., 486 U.S. 281 (1988).....29

Knaack Mfg. v. Rally Accessories, Inc., 955 F. Supp. 991, 42 U.S.P.Q. 2d 1649 (N.D. Ill. 1997).....24

Midwest Plastic Fabricators, Inc. v. Underwriters Labs., Inc., 906 F.2d 1568 (Fed. Cir. 1990).....28

Oberlin v. Marlin Am. Corp., 596 F.2d 1322 (7th Cir. 1979).....28

Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189 (1985).....12

Playboy Enters., Inc. v. Chuckleberry Pub., Inc., 486 F. Supp. 414 (S.D.N.Y. 1980).....25, 26

Shell Oil Co. v. Commercial Petroleum, Inc., 928 F.2d 104 (4th Cir. 1991).....28

TABLE OF AUTHORITIES – Continued

Page

Stanfield v. Osborne Indus., Inc., 52 F.3d 867 (10th Cir. 1995) 28

Waukesha Hygeia Mineral Springs Co. v. Hygeia Sparking Distilled Water Co., 63 F. 438 (7th Cir. 1894) 22

FEDERAL STATUTES

15 U.S.C. §1055 ..... *passim*

15 U.S.C. §1065 4

15 U.S.C. §1116 ..... 2, 9

15 U.S.C. §1121 ..... 2, 9

15 U.S.C. §1125 ..... 2, 9

15 U.S.C. §1127 ..... 2, 14, 29

28 U.S.C. §1254(1) 1

28 U.S.C. §1292(a)(1) 2

28 U.S.C. §1331 ..... 1, 9

28 U.S.C. §1337 ..... 1, 9

28 U.S.C. §1338 ..... 1, 9

Brennan's, Inc. hereby petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Fifth Circuit entered in this matter on August 6, 2008, and to resolve the split in the circuits as discussed herein.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Fifth Circuit is unreported and is set forth in the Appendix at pages 1-6 (hereinafter, "Appendix" is abbreviated as "App.") The order of the United States Court of Appeals for the Fifth Circuit denying rehearing is unreported and is set forth in the App. at pages 42-43. The opinion of the District Court is reported at 512 F. Supp. 2d 559 (S.D. Miss. 2007) and appears in the App. at pages 7-41.

JURISDICTION

The judgment of the United States Court of Appeals for the Fifth Circuit (hereinafter, "Fifth Circuit") was entered on August 6, 2008. A timely petition for rehearing was denied on September 10, 2008. The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

The District Court had jurisdiction to hear Petitioner's claim for trademark infringement and unfair competition under 28 U.S.C. §§1331, 1337 and 1338,

and 15 U.S.C. §§1116, 1121 and 1125. The Fifth Circuit had jurisdiction to hear Petitioner's appeal under 28 U.S.C. §1292(a)(1).

STATUTORY PROVISIONS INVOLVED

15 U.S.C. §1055 provides:

> Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public. If first use of a mark by a person is controlled by the registrant or applicant for registration of the mark with respect to the nature and quality of the goods or services, such first use shall inure to the benefit of the registrant or applicant, as the case may be.

15 U.S.C. §1127 provides, in pertinent part:

* * *

> The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other

organization capable of suing and being sued in a court of law.

* * *

The term "related company" means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

* * *

STATEMENT OF CASE

This case raises questions of broad and general importance: (a) may a non-contracting third party rely on another party's trademark consent-to-use agreement or license agreement as a defense to trademark infringement and as a basis to use another's trademark without the proper authority from the trademark owner? and (b) do license agreements weaken a trademark? The answer to these questions affects every trademark owner, whether the trademark is registered with the United States Patent and Trademark Office or is an unregistered common law trademark. It is also a matter of concern to every individual or company that is currently a party to a trademark license agreement, whether the licensee or licensor. Further, while this matter comes to this Court from an appeal of an order denying a preliminary injunction, the questions raised herein must be decided in order for the Petitioner, Brennan's, Inc., to

receive a fair trial, based on proper legal precedents, back at the District Court.

Petitioner, Brennan's, Inc., is a corporation existing under the laws of the State of Louisiana with its principal place of business in New Orleans. Brennan's, Inc. is the owner of the federally registered and incontestable "BRENNAN'S" trademark bearing federal trademark registration number 955404. Brennan's, Inc. has operated BRENNAN'S Restaurant, a French and Creole restaurant located on Royal Street in the heart of the French Quarter which bears the "BRENNAN'S" trademark, since at least 1951. Pursuant to 15 U.S.C. §1065, Brennan's, Inc.'s right to exclusively use the "BRENNAN'S" trademark in connection with restaurant services has become legally incontestable.

Through the years, Brennan's, Inc. has entered into agreements regarding the "BRENNAN'S" trademark. The existence and nature of these agreements are an integral part of the questions presented before this Court. In particular, Brennan's, Inc. entered into an agreement in 1979 and one in 1998 regarding the "BRENNAN'S" trademark, which are both described in detail below. These agreements were entered into by Brennan's, Inc. either to settle or to avoid litigation and were never executed with knowledge or understanding that execution of these agreements would allow third parties, such as respondents, Clark and Blake, to rely upon such agreements to support and foster their unauthorized use of the "BRENNAN'S" trademark.

1. 1979 License Agreement

The agreement entered into in 1979 (hereinafter, "the 1979 License Agreement") is a license agreement entered into to settle a trademark action filed by Brennan's, Inc. regarding unauthorized use of the "BRENNAN'S" trademark by various relatives. The lawsuit, *Brennan's, Inc. v. Brennan's Restaurants, Inc.*, CA No. 76-1535 (E.D. La. 1976), was settled by the 1979 License Agreement. The 1979 License Agreement was executed between (1) Brennan's, Inc. and its stockholders, and (2) a group of individuals and companies referred to as "LTD."[1] The 1979 License Agreement gave LTD an exclusive concurrent trademark registration in the states of Texas and Georgia for the "BRENNAN'S" trademark[2] (because Brennan's, Inc. had itself originally expanded and opened replica BRENNAN'S Restaurants in the states of Texas and Georgia before entering into the 1979 License Agreement) and gave Brennan's, Inc. the exclusive registration to the "BRENNAN'S" trademark in all remaining states. The parties to the 1979

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[1] LTD consisted of The Ella, Adelaide, Dick and John Brennan Restaurants, LTD.; Brennan's of Atlanta, Inc.; Brennan's of Dallas, Inc.; Brennan's of Houston, Inc.; Commander's Palace, Inc.; Brennan's Friendship House, Inc.; and the owners John T. Brennan, Richard J. Brennan, Adelaide Brennan Leppert, Ella Brennan Martin, and Dorothy Brennan Bridgeman.

[2] The registration of the "BRENNAN'S" trademark for Texas and Georgia bears federal trademark registration number 1182537.

License Agreement, Brennan's, Inc. and LTD, also agreed that signatories could not open another replica BRENNAN'S Restaurant. In addition, the 1979 License agreement includes quality control provisions, and the parties to the 1979 License Agreement agreed to the implementation of a quality control board.

2. 1998 Agreement

The agreement executed in 1998 (hereinafter, "the 1998 Agreement") was entered into between (1) Brennan's, Inc., and (2) Richard "Dickie" Brennan, Jr. in November of 1998. In 1998, Brennan's, Inc. learned that Richard "Dickie" Brennan, Jr. intended to open "Dickie Brennan's Steakhouse" only three blocks away from BRENNAN'S Restaurant in the French Quarter. As Richard "Dickie" Brennan, Jr. was (and is) not a party to the 1979 License Agreement and in attempt to avoid litigation, the 1998 Agreement was entered into, allowing Richard "Dickie" Brennan, Jr. to use the name BRENNAN'S subject to certain restrictions. Brennan's, Inc. was willing to enter into the 1998 Agreement based, in part, upon (1) Richard "Dickie" Brennan, Jr.'s promise and agreement to eliminate any confusion that may exist from his proposed use of the "BRENNAN'S" trademark, and (2) the fact that Richard "Dickie" Brennan, Jr. was opening a steak house that was in no way a replica of BRENNAN'S Restaurant. The 1998 Agreement provides that the rights are personal to Richard

"Dickie" Brennan, Jr. and cannot be assigned or transferred to any other person or entity.

3. Current Dispute

This case involves a dispute between (1) Brennan's, Inc., and (2) Defendants/Respondents, Clark and Blake, regarding the unauthorized use of the "BRENNAN'S" trademark. Clark and Blake were co-managers of BRENNAN'S Restaurant for ten years. On March 1, 2006 (incorrectly noted as "May 6, 2006," by the District Court – see App. at page 8), Clark and Blake resigned from their jobs as co-managers of BRENNAN'S Restaurant on Royal Street. On August 31, 2006, Clark and Blake filed an intent-to-use federal trademark application for the name, "CLARK AND BLAKE BRENNAN'S ROYAL B," in International Class 043[3] for restaurant services.

Brennan's, Inc. advised Clark and Blake that their use of the name, "CLARK AND BLAKE BRENNAN'S ROYAL B," was unauthorized, would cause confusion, and would infringe upon the "BRENNAN'S" trademark. Despite the cease-and-desist notices regarding unauthorized use of the "BRENNAN'S" trademark, Clark and Blake, on their own and/or through their agents, partners, investors, business entities, servants, and/or employees, continued to advertise the

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[3] International Class 043 is the same as previous International Class 042 for restaurant services, under which the Brennan's, Inc.'s trademarks are registered.

future opening of a restaurant in Ridgeland, Mississippi, under the "CLARK AND BLAKE BRENNAN'S ROYAL B" name which incorporates the "BRENNAN'S" trademark.

Clark and Blake also opened a restaurant in Destin, Florida under the name "CLARK AND BLAKE BRENNAN'S ROYAL B," and have since opened a restaurant in Port St. Joe, Florida, under the name, "CLARK AND BLAKE BRENNAN'S SCHOOL OF FISH."[4]

For years, residents of Mississippi, Florida, and Alabama have dined and continue to dine at BRENNAN'S Restaurant in New Orleans. These states are part of Brennan's, Inc.'s market and consumer base, as recognized by the District Court. See App. at page 15. The use of "CLARK AND BLAKE BRENNAN'S ROYAL B" or any other name incorporating the "BRENNAN'S" trademark for restaurant services (and, specifically, for virtually the same restaurant services) in Alabama, Mississippi, and/or Florida will confuse and mislead consumers into believing that the restaurants of Clark and Blake are sponsored by, affiliated with, and/or related to the BRENNAN'S Restaurant and the goodwill associated with the "BRENNAN'S" trademark. In addition, likelihood of confusion is increased by the mere fact that Clark

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[4] The restaurant located in Port St. Joe, Florida was not at issue on appeal as the restaurant was opened after the opinion was rendered by the Fifth Circuit.

and Blake's restaurants bear extensive similarity to that of BRENNAN'S Restaurant, including similarity of restaurant decor, structural elements, dining rooms and a menu with recipes virtually identical to those of BRENNAN'S Restaurant. In fact, the District Court even noted that, "There are undeniable similarities between Brennan's and defendants' planned restaurants." See App. at page 25.

4. The District Court Action

Brennan's, Inc. commenced civil action in the District Court for preliminary and permanent injunctions and for damages for trademark infringement on December 8, 2006. The District Court had jurisdiction to hear Petitioner's claim for trademark infringement and unfair competition under 28 U.S.C. §§1331, 1337 and 1338, and 15 U.S.C. §§1116, 1121 and 1125. Clark and Blake denied infringement and argued that they were entitled to rely upon the 1979 License Agreement and the 1998 Agreement and, because they complied with the provisions therein, there is no infringement. Despite the fact that Clark and Blake are not parties to either the 1979 License Agreement or the 1998 Agreement, they claim to have rights under those agreements.

Following limited discovery, trial for the preliminary injunction occurred. During trial, Brennan's, Inc. put forth evidence of the strength of the "BRENNAN'S" trademark and submitted evidence of confusion that began to surface, even before any restaurants

were open. In particular, Brennan's, Inc. submitted instances of confusion that it received via emails, resumés, sales calls, and the like.

During trial, Clark and Blake relied on the 1979 License Agreement and the 1998 Agreement as a safe haven for their actions. They even introduced the agreements at trial, and in their post-trial brief, Clark and Blake continued to argue that the use of license agreements by Brennan's, Inc. has eroded the "BRENNAN'S" trademark. When Clark and Blake put forth evidence of the 1979 License Agreement and the 1998 Agreement, Brennan's, Inc. objected to the use of the agreements on the basis that the agreements were irrelevant to Clark and Blake's unauthorized use of the "BRENNAN'S" trademark because Clark and Blake are not parties to either the 1979 License Agreement or the 1998 Agreement. In response, the District Court advised that it would reserve its ruling on this objection. However, the District Court never issued a ruling on said objection, but, based on the District Court's Opinion and Order, Brennan's, Inc. gathers that its objection was overruled. This issue was also raised during the appeal to the Fifth Circuit, but the Fifth Circuit also failed to address this issue.

5. The District Court's Decision

While Brennan's, Inc. urged the District Court to find infringement under the standards set forth in

Elvis Presley Enterprises, Inc. v. Capece, 141 F.3d 188 (5th Cir. 1998), the District Court agreed with Clark and Blake and denied Brennan's, Inc.'s request for preliminary injunction. Brennan's, Inc. further urged the District Court to disregard the 1979 License Agreement and the 1998 Agreement because Clark and Blake were not parties to either agreement. However, despite the objections of Brennan's, Inc., these agreements were used by Clark and Blake and the District Court as a means for escaping a finding of infringement. In fact, the District Court in finding that there was no intent to confuse noted that Clark and Blake simply relied on the 1979 License Agreement and the 1998 Agreement in utilizing their infringing mark. See App. at page 27.

By utilizing the 1979 License Agreement and the 1998 Agreement in making its decision to deny the preliminary injunction, the District Court failed to recognize the restrictions contained in said agreements, such as the fact that Clark and Blake are not parties to either agreement and that the agreements do not allow anyone to open another replica BRENNAN'S Restaurant, which is the plan of Clark and Blake.

The District Court correctly determined that the "BRENNAN'S" trademark has acquired secondary meaning and is protected. See App. at page 12. In particular, the District Court held that: (a) Brennan's, Inc. has continually used the "BRENNAN'S" trademark

since the date of its registration, (b) the "BRENNAN'S" trademark is incontestable,[5] and (c) the "BRENNAN'S" trademark is conclusively presumed to have acquired secondary meaning. See App. at page 12.

Despite such holdings, the District Court further relied upon its own "overarching factor" in assessing the strength of the "BRENNAN'S" trademark. In doing so, the District Court found the "BRENNAN'S" trademark to be weak because it is widely known that members of the Brennan family independently own and operate a number of famous restaurants both within and without New Orleans. See App. at page 16. Yet, the District Court failed to acknowledge that every single restaurant discussed and relied upon by the District Court operates pursuant to either the 1979 License Agreement or the 1998 Agreement. By failing to recognize and consider that all other restaurants operate pursuant to either the 1979 License Agreement or the 1998 Agreement, when this fact was clearly before the District Court, the District Court erroneously concluded that the use of a license agreement and a consent-to-use agreement by Brennan's, Inc. has weakened the "BRENNAN'S" trademark. That is one of the questions presented before this Court – does a license agreement weaken a trademark?

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[5] Mere descriptiveness is not recognized by either §15 or §33(b) of the Lanham Act as a basis for challenging an incontestable mark. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 196 (1985).

6. The Fifth Circuit's Decision

On appeal, the Fifth Circuit also agreed with Clark and Blake. See App. at pages 1-6. It rejected Brennan's, Inc.'s arguments that the "BRENNAN'S" trademark is not weak because all other restaurants bearing some form of the "BRENNAN'S" trademark operate pursuant to either the 1979 License Agreement or the 1998 Agreement. It found no error in the District Court's ruling and agreed that the "BRENNAN'S" trademark is weak due to the number of restaurants using some form of the "BRENNAN'S" trademark. In making its decision, the Fifth Circuit held that the "BRENNAN'S" trademark is weak despite the fact that the various other restaurants utilizing the "BRENNAN'S" trademark are only allowed to do so under either the 1979 License Agreement or the 1998 Agreement. The Fifth Circuit's affirmation of the District Court's ruling seems to establish a precedent within the Fifth Circuit that the use of the license agreement and the consent-to-use agreement by Brennan's, Inc. has weakened its "BRENNAN'S" trademark. After receiving the opinion from the Fifth Circuit, Brennan's, Inc. filed a timely petition for rehearing, which was denied on September 10, 2008. See App. at pages 42-43.

REASONS FOR GRANTING PETITION

The Fifth Circuit, by affirming the opinion of the District Court, has decided two important issues of

federal law: (1) non-parties are entitled to rely on consent-to-use agreements, and (2) license agreements weaken trademarks. The first issue is very important to all trademark owners and has been raised in various circuits over the years, but has never been settled by this Court. The second issue is also very important to all trademark owners, but more significantly, the Fifth Circuit's reasoning that license agreements weaken trademarks is in direct conflict with the law of at least seven of the regional circuits[6] and the provisions set forth in the Lanham Act, particularly 15 U.S.C. §§1055 and 1127.

Given the lack of precedent by this Court and the inconsistent decisions by several United States circuit courts, the Court should grant writs and establish a clear precedent that can be uniformly applied. Additionally, the Court should affirmatively overrule the Fifth Circuit's reasoning that: (1) non-parties can rely upon consent-to-use agreements, and (2) proper license agreements weaken trademarks.

I. The Circuit Split

Currently, there is a split among the various circuit courts as to whether or not a non-party to a

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[6] The cases illustrating the specific circuit precedents that conflict with the reasoning of the Fifth Circuit are discussed and listed herein under Section II, entitled, "The Fifth Circuit Has Departed from the Various Precedents Construing 15 U.S.C. §1055."

consent-to-use agreement may rely on such a consent-to-use agreement as a defense to trademark infringement, estoppel, or as a basis of authority to utilize another's trademark.

Federal Circuit

The Federal Circuit Court of Appeals takes the position that a non-party cannot rely upon the terms of a consent-to-use agreement. In the case of *In re Majestic Distilling Co.*, 315 F.3d 1311 (Fed. Cir. 2003), an applicant sought to register the mark, "RED BULL" for tequila. The application was denied due to perceived likelihood of confusion with existing registrations for "RED BULL" (Scotch whiskey) and "RED BULL" (malt liquor). In support of its registrations, applicant pointed to agreements between the senior users/registrants of "RED BULL" (similar to the agreements relied upon by Clark and Blake), arguing that their coexistence arrangements should "reflect the opinions of persons most familiar with the actual trade and marketing practices surrounding the goods and marks at issue, and decisions of men who stand to lose if wrong are normally more reliable than those of examiners and judges." *Id.* at 1317 (quoting *In re E. I. DuPont de Nemours & Co.*, 476 F.2d 1357, 1363 (C.C.P.A. 1973)).

However, the Federal Circuit determined that no presumption can be made that the senior users/registrants consent to an applicant's use of the mark, or that the senior users/registrants had determined

or admitted that confusion of the public by applicant's concurrent use of the mark was unlikely. Moreover, the Federal Circuit pointed out that the senior user's/registrant's agreements with the involved companies were several years old and may not have reflected current views. *Id.* at 1318. For example, the senior users/registrants may have later acquired knowledge of actual confusion incidents, and may no longer hold the same view with respect to likelihood of confusion as they did when they executed the third-party agreements. *Id.* at 1317-18.

Such is the case for Brennan's, Inc. because the 1998 Agreement is at least ten years old, and the terms of such agreement do not reflect the current views of Brennan's, Inc. In addition, Brennan's, Inc. never entered into the 1998 Agreement with the understanding or belief that such an agreement would allow its trademark to be used by all non-parties who wish to rely upon the 1998 Agreement as a basis to utilize the "BRENNAN'S" trademark without authority. Despite the terms of the 1998 Agreement, Brennan's, Inc. noticed confusion with "Dickie Brennan's Steakhouse" after it was opened and after it had executed the 1998 Agreement, and Brennan's, Inc. would never have knowingly allowed such confusion to continue. Brennan's, Inc.'s execution of the 1998 Agreement should not lead to an all-out loss of control over the "BRENNAN'S" trademark such that any non-signatory third parties, such as Clark and Blake, can now rely upon the 1998 Agreement as a basis for infringing the "BRENNAN'S"

trademark that has been in use and protected for over fifty years.

In *CBS, Inc. v. Morrow*, 708 F.2d 1579 (Fed. Cir. 1983), the Federal Circuit also dealt with a consent-to-use agreement and ultimately held that a consent-to-use agreement pertaining to a particular use of a trademark does not prohibit the trademark owner from opposing a non-party's application for a similar trademark. Basically, the Federal Circuit would not allow a non-party to rely upon the terms of a consent-to-use agreement to protect the non-party or further the non-party's activities, such as seeking trademark registration. In particular, appellee, George Morrow, sought to register the mark, "THINKER TOYS," for computer parts when appellant, CBS, Inc., had previously registered the mark, "TINKERTOY," for games and toys. CBS, Inc. opposed registration of the mark, "THINKER TOYS." In its defense, George Morrow argued that a prior consent-to-use agreement entered into by CBS, Inc. concerning use of the name, "Thinker Toys," modified by an owl logo is evidence that confusion is not likely between the marks, "TINKERTOY" and "THINKER TOYS." Yet, the Federal Circuit held that such agreement consenting to one use was not an all-out consent. Thus, the Federal Circuit has taken a position that a consent-to-use agreement cannot be used by a non-party as estoppel or as a defense against the party to the consent agreement/trademark owner.

Second Circuit

The United States Court of Appeals for the Second Circuit addressed consent agreements in *Croton Watch Co. v. Laughlin*, 208 F.2d 93, 94, 99 U.S.P.Q. 299 (2d Cir. 1953). In *Croton Watch Co.*, the Movado Watch Agency, owner of the trademark, "Movado," sought to prevent the importation of watches bearing the mark "Nivada Grenchen," manufactured by Croton Watch Company. *Id.* As a result of Movado Watch Agency's attempt to prevent the importation of watches bearing the "Nivada Grenchen," mark, Croton Watch Company brought a declaratory judgment action to determine many issues. *Id.* at 95. Croton Watch Company's complaint also sought injunctive relief prohibiting Customs officials from preventing the importation of watches bearing the mark, "Nivada Grenchen."

In support of its position that the mark, "Nivada Grenchen," did not infringe upon the "Movado" mark, Croton Watch Company made reference to a consent agreement entered into by the Movado Watch Agency in 1939. The critical issue was whether the 1939 consent-to-use agreement between the Movado Watch Agency and a predecessor of Croton's was valid and gave Croton the right to use the mark, "Nivada Grenchen." The 1939 consent agreement provided that Croton Watch Company's predecessor, Horowitz, "may without objection from [Movado] use the said name Nivada in combination with or followed by the word Grenchen or the word Granges. . . ." *Id.* at 97, n. 1. The Second Circuit found that this language

from the 1939 agreement served as an admission from Movado Watch Agency that there would be no confusion between their registered mark, "Movado" and the mark, "Nivada Grenchen." *Id.* at 96. Even had Croton Watch Company not been Horowitz's successor, the court said that it would have found that the admission contained in the 1939 consent agreement would be equally effective. *Id.* The court granted a preliminary injunction against the Customs official. Thus, the Second Circuit, unlike the Federal Circuit, held that a consent-to-use agreement could be invoked by and relied upon by a third party in support of a defense to trademark infringement.

Third Circuit

The United States Court of Appeals for the Third Circuit in the case of *Freedom Card, Inc., et al. v. JP Morgan Chase & Co., et al.*, 432 F.3d 463 (3d Cir. 2005), discussed the consent-to-use issue and held that a non-party could rely upon a consent-to-use agreement in defending against claims of trademark infringement. Plaintiff, UTN, had been using the mark, "FREEDOM CARD," when Chase began to use the mark, "CHASE FREEDOM." Soon after Chase began using the "CHASE FREEDOM" mark, UTN complained that the "CHASE FREEDOM" mark was infringing upon its "FREEDOM CARD" mark. Eventually, Chase filed suit seeking a declaratory judgment that its "CHASE FREEDOM" mark did not infringe upon any of UTN's rights to the "FREEDOM CARD" mark. UTN counterclaimed asserting trademark

infringement and unfair competition. *Id.* at 467. A motion for summary judgment was eventually granted in favor of Chase finding no infringement.

In bringing suit, UTN relied upon its two trademark registrations for the "FREEDOM CARD" mark. The applications for these trademarks were initially rejected. To assist with obtaining registration, UTN entered into a consent-to-use agreement with Parker Oil Company regarding its mark, "FUEL FREEDOM CARD." In its ruling, the Third Circuit allowed Chase to rely upon UTN's consent-to-use agreement with Parker Oil Company in finding no confusion, thereby allowing a non-party to rely upon a consent-to-use agreement holding that UTN's consent-to-use agreement constituted judicial estoppel, an admission, waiver, or "simply hoisting UTN by its own petard." *Id.* at 476. Thus, the Third Circuit, unlike the Federal Circuit, allowed a non-party to rely upon a consent-to-use agreement in defending against and avoiding trademark infringement.

Fifth Circuit

The Fifth Circuit in the decision at issue herein, *Brennan's, Inc. v. Brennan*, No. 07-60497, 2008 U.S. App. LEXIS 16890 (5th Cir. Aug. 6, 2008), affirmed the decision of the District Court, *Brennan's, Inc. v. Brennan*, 512 F. Supp. 2d 559 (S.D. Miss. 2007), which allowed third parties, Clark and Blake, to rely upon a license agreement and a consent-to-use agreement (the 1979 License Agreement and the 1998

Agreement, respectively) as defenses to trademark infringement and as a basis for finding no infringement. Thus, the Fifth Circuit has effectively established a new precedent that non-parties can rely on such consent-to-use agreements or settlement agreements to defend against trademark infringement claims.

Seventh Circuit

The Seventh Circuit has split its interpretation of the consent-to-use agreement issue, even using the same agreement to do so.

The United States Court of Appeals for the Seventh Circuit in the case of *California Fruit Growers Exchange v. Windsor Beverages*, 118 F.2d 149 (7th Cir. 1941), discussed plaintiffs' consent-to-use agreement in a case against a non-party infringer; the court held that the non-party was not allowed to use the consent agreement, to which it was not a party, to prevent trademark infringement or to prohibit or bar the plaintiffs' claims. Plaintiffs, California Fruit Growers Exchange and California Packing Corporation, appealed a judgment dismissing their complaint seeking to restrain trademark infringement by defendant, Windsor Beverages. California Fruit Growers Exchange utilized the mark, "SUNKIST," in the sale of citrus fruits, soft drinks, and concentrates for soft drinks, while the second plaintiff, California Packing

Corporation, owned and utilized the mark, "SUN-KIST," for canned and dried fruits and vegetables. Defendant, Windsor Beverages, was selling non-alcoholic carbonated fruit beverages utilizing the name, "Sunkist," as its tradename.

The plaintiffs had been using the similar names, "SUNKIST" and "SUN-KIST," by virtue of a consent-to-use agreement that granted each the right to use its respective mark, a concept that was previously approved by the Seventh Circuit. *Waukesha Hygeia Mineral Springs Co. v. Hygeia Sparking Distilled Water Co.*, 63 F. 438, 441 (7th Cir. 1894). In dismissing plaintiffs' request to enjoin infringement, the district court found that defendant's products were different from plaintiffs' products. Yet, on appeal, the Seventh Circuit approved the consent agreement and allowed plaintiffs to jointly prohibit defendant from utilizing a similar mark. Thus, defendant was not allowed to use the consent agreement, to which it was not a party, as a defense to trademark infringement or to prohibit or bar the plaintiffs' claims.

The same consent agreement addressed in *California Fruit Growers Exchange v. Windsor Beverages*, 118 F.2d 149 (7th Cir. 1941), was relied upon and addressed differently by the Seventh Circuit approximately six years later. In the case of *California Fruit Growers Exchange v. Sunkist Baking Co.*, 166 F.2d 971 (7th Cir. 1947), the Seventh Circuit relied upon the consent-to-use agreement in support of its finding of no confusion.

Using the same consent-to-use agreement, the Seventh Circuit contradicted its earlier holding by allowing a defendant to use the consent-to-use agreement to defend against the claim of trademark infringement. Plaintiffs brought suit against defendant, Sunkist Baking Company, for trademark infringement, and obtained a district court judgment that prevented defendant from using the mark, "SUNKIST," or any similar imitation thereof in the manufacture, sale, advertising, or distribution of bakery products. On appeal, the Seventh Circuit relied upon the consent-to-use agreement as a basis for its finding of no confusion. Thus, the defendant was effectively allowed to use the consent-to-use agreement to defend against a trademark infringement claim.

Based on the rulings discussed above, the Seventh Circuit's treatment and interpretation of the consent-to-use agreement issue have varied, even when the Seventh Circuit was dealing with the same consent-to-use agreement. In one ruling, the Seventh Circuit allowed a non-party to use such a consent agreement against the parties to the consent-to-use agreement in favor of a finding of no infringement, and in another ruling, the Seventh Circuit approved such a consent agreement and did not allow a non-party to use the agreement to support a defense of no infringement. Not only is there a split among the various regional circuits, there is an internal split in the Seventh Circuit, making the need for a precedent from this Court all the more worthy.

District Courts

In addition to the split among the regional circuits, various courts across the United States, such as federal district courts and the Trademark Trial and Appeal Board, have also dealt with the consent-to-use issue differently. A brief summary of some of these holdings is discussed below to illustrate the difference of opinions among the various courts.

The United States District Court for the Eastern District of Pennsylvania has held that third parties may rely on a consent-to-use agreement regarding a similar mark between parties, and the agreement may be considered in determining the existence of a likelihood of confusion. *American Fid. & Liberty Ins. Co. v. American Fid. Group*, 2000 U.S. Dist. LEXIS 13863 (E.D. Pa. Sept. 25, 2000).

The United States District Court for the Northern District of Illinois, Eastern Division, has also considered this issue in *Knaack Manufacturing v. Rally Accessories, Inc.*, 955 F. Supp. 991, 42 U.S.P.Q. 2d 1649 (N.D. Ill. 1997). Plaintiff, Knaack Manufacturing, utilized the mark, "WEATHER GUARD," since 1971 to identify its products (tool boxes, storage equipment), while defendant, Rally Accessories, Inc., utilized the "WeatherGUARD" mark for its products (automotive after-market accessories) since 1995. The United States District Court for the Northern District of Illinois ultimately held that plaintiff's consent-to-use agreement regarding its trademark with other parties restricts the scope of its own trademark and

limits its ability to assert infringement of its own mark. Thus, the court held that third parties were allowed to rely on consent-to-use agreements as a defense to trademark infringement.

The United States District Court for the Southern District of New York in *Playboy Enterprises, Inc. v. Chuckleberry Pub., Inc.*, 486 F. Supp. 414 (S.D.N.Y. 1980), has also analyzed the issues presented in the realm of whether such a consent-to-use agreement or settlement agreement should even be admissible in an infringement matter involving a non-party to the settlement agreement. The plaintiff, Playboy Enterprises, Inc. (PEI), brought suit against defendant, Chuckleberry Publishing (among others), for trademark infringement because PEI learned that Chuckleberry Publishing had been granted rights to publish an Italian magazine under the mark, "PLAYMEN," in the English language in the United States. PEI alleged that the defendant's threatened distribution of the Playmen magazine would infringe the "PLAYBOY" trademark. As part of its defense, Chuckleberry Publishing argued that PEI's failure to institute litigation, along with PEI's decision to enter into an unfavorable settlement[7] with Playgirl, could be used in support of its position of no infringement. However, the court held that Chuckleberry Publishing's reliance on the terms of a settlement agreement to which

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[7] Much like Brennan's, Inc. did with Richard "Dickie" Brennan, Jr. in the 1998 Agreement.

it is not a party was, "of dubious propriety and significance." *Id.* at 423. In doing so, the court explained that to consider the terms of a settlement is improper, would be unjustified, and statements made for settlement are inadmissible. The court further stated that Rule 408 of the Federal Rules of Evidence extends the exclusion to completed compromises when offered against the compromiser. *Id.* Thus, the court did not allow the defendant to utilize the agreement as a defense and held that the consent-to-use/settlement agreement was inadmissible.

The Trademark Trial and Appeal Board in *DC Comics v. Pan American Grain Manufacturing Co., Inc.*, 77 U.S.P.Q. 2d 1220, 2005 TTAB LEXIS 358 (T.T.A.B. 2005), also addressed an argument regarding the effects of a consent-to-use agreement. Pan American Grain Manufacturing. Co., Inc. (hereinafter, "Pan American") filed an application to register the mark, "KRIPTONITA," with the United States Patent and Trademark Office. DC Comics filed an opposition to the registration based on its use and development of the mark, "KRYPTONITE," in connection with the Superman character. Pan American argued that because DC Comics had entered into consent-to-use agreements with Kryptonite Corporation regarding use of term, "KRYPTONITE," for locks, such consent agreement was an admission that another party's use of the "KRYPTONITE" mark would not cause confusion. The Trademark Trial and Appeal Board rejected the argument of Pan American, stating that, "we do not agree with applicant's

general statement that essentially a consent agreement with one third party is an admission that another's use of the mark is not likely to cause confusion. No such presumption can be made from that type of agreement. More importantly, we cannot extrapolate from opposer's decision to enter into this specific agreement . . . " *DC Comics v. Pan American Grain Manufacturing Co., Inc.*,77 U.S.P.Q. 2d 1220 at *22. Again, another jurisdiction has held that a consent-to-use agreement cannot be relied upon by another party to further their purposes.

As can be seen from a review of the decisions discussed above, there is a difference of opinion on how to handle the consent-to-use issue as there is no clear precedent for the various courts to rely upon. Some courts hold that third parties may rely on the consent-to-use agreements while other courts classify the agreements as inadmissible or do not find reliance on such an agreement a valid defense against a trademark infringement claim. The divergence among the courts of this nation present another compelling reason for this Court to hear this matter and establish a clear precedent on the issues.

II. The Fifth Circuit Has Departed from the Various Precedents Construing 15 U.S.C. §1055 with Its Holding that License Agreements Weaken Trademarks

The ruling of the Fifth Circuit in affirming the ruling of the District Court indicates that the use of valid license agreements with quality control

provisions weakens a trademark. Such is the reason for one of the questions presented to this Court: does a license agreement weaken a trademark? One would think not, but the Fifth Circuit has indicated otherwise, and clarification is needed from this Court.

It is well-settled among the regional circuits that the Lanham Act permits licensing with quality control. See, *e.g.*:

Second Circuit:	*Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959);
Third Circuit:	*Doeblers' Pennsylvania Hybrids, Inc. v. Doebler*, 442 F.3d 812, 823 (3d Cir. 2006);
Fourth Circuit:	*Shell Oil Co. v. Commercial Petroleum, Inc.*, 928 F.2d 104 (4th Cir. 1991);
Seventh Circuit:	*Oberlin v. Marlin Am. Corp.*, 596 F.2d 1322 (7th Cir. 1979);
Ninth Circuit:	*Dep't of Parks & Recreation v. Bazaar Del Mundo, Inc.*, 448 F.3d 1118 (9th Cir. 2006); *Barcamerica Int'l USA Trust v. Tyfield Imps., Inc.*, 289 F.3d 589 (9th Cir. 2002);
Tenth Circuit:	*Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867 (10th Cir. 1995); and
Federal Circuit:	*Midwest Plastic Fabricators, Inc. v. Underwriters Labs., Inc.*, 906 F.2d 1568 (Fed. Cir. 1990).

Further, Justice William Brennan, joined by Justice Stevens and Justice Marshall, of this Court, also recognized that trademark licensing with quality control was approved and became the rule with passage of the Lanham Act. *Kmart Corp. v. Cartier, Inc.*, 486 U.S. 281, 314-315 (1988) (Brennan, W., dissenting).

In particular, section 5 of the Lanham Act, 15 U.S.C. §1055 provides that a registered trademark may be used by a "related company" and such use (1) shall inure to the benefit of the registrant, and (2) shall not affect the validity of the trademark provided the trademark is not used to deceive the public. A "related" company is defined in section 45 of the Lanham Act, 15 U.S.C. §1127, as any person[8] whose use of a trademark is controlled by the owner of the trademark with respect to the quality of goods and/or services in connection with which the trademark is used. Accordingly, there is no doubt that the Lanham Act provides for licensing with quality control. Based on such provision, any trademark owner is allowed to license his/her trademark to a related company and obtain the benefit of use thereof.

Under the current circumstances, Brennan's, Inc. entered into the 1979 License Agreement which granted permission, with quality control, to other

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[8] Pursuant to 15 U.S.C. §1127, a person is defined as including a juristic person such as a corporation or other business entity capable of suing and being sued in a court of law.

parties-licensees to utilize a form of the "BRENNAN'S" trademark subject to additional restrictions on the exact use of the name. Thus, the uses by the various licensees inures to the benefit of Brennan's, Inc. pursuant to section 5 of the Lanham Act, 15 U.S.C. §1055. Such additional quality-controlled use of the "BRENNAN'S" trademark acts to strengthen the "BRENNAN'S" trademark, not weaken the mark. Unfortunately, the Fifth Circuit did not agree and, in fact, held that the numerous uses by the various licensees resulted in weakening the "BRENNAN'S" trademark. This simply does not make sense. How can a licensed use of a trademark, sanctioned by federal law – the Lanham Act – result in the weakening of a trademark?

Part of the problem is that the Fifth Circuit classified all uses of the "BRENNAN'S" trademark under both the 1979 License Agreement and the 1998 Agreement as third party uses instead of uses sanctioned by Brennan's, Inc. by one of the agreements. The various Brennan family restaurants that utilize some form of the "BRENNAN'S" trademark are not third party uses, but are uses sanctioned by an agreement that inure to the benefit of Brennan's, Inc., ultimately strengthening the "BRENNAN'S" trademark. Again, Brennan's, Inc. presents this matter to this Court, at this stage of the proceedings, because it is impossible to receive a fair trial until a precedent is established for the questions presented.

Based on the current state of law in the Fifth Circuit, license agreements weaken trademarks

despite the fact that the Lanham Act provides for such use. Under the current state, serious problems could arise for all businesses or individuals that franchise and/or license their trademarks. Licensing of trademarks is the foundation for modern franchising. However, if licensing a trademark acts to weaken an owner's trademark, franchising could turn into an all-out disaster. For example, any of the plethora of businesses who have franchised their trademark, such as Subway®, McDonald's®, Wendy's®, Sonic®, Baskin Robbins®, or Meineke®, to name just a few, should take caution and begin to take steps to halt all licensing or they will suffer the consequence of having an extremely weak trademark with the possibility of having third parties open a similar business without needing permission or a proper license agreement. The possible consequences of such uncertainty regarding the effects of licensing warrant the attention of this Court to hear this matter.

III. Need for a Clear Precedent

As discussed herein, there is a need for a clear precedent on (1) whether or not a third party can rely upon a consent-to-use agreement or license agreement as a defense to trademark infringement or as a basis to use another's trademark without the proper authority, and (2) whether licensing agreements weaken trademarks. The differing opinions and positions by the various regional circuits on the use of consent-to-use agreements, and the opinion of the Fifth Circuit indicating that license agreements

weaken trademarks clearly spark the need for a clear precedent on these issues from this Court.

Whether or not a third party can rely upon a consent-to-use agreement can make all the difference in some cases. For example, if Clark and Blake were not allowed to rely upon either the 1979 License Agreement or the 1998 Agreement, then they would have no major defense to their infringing actions – and Clark and Blake's intent to infringe would not have been altered by reliance upon either the 1979 License Agreement or the 1998 Agreement. By allowing Clark and Blake to rely on the 1979 License Agreement and the 1998 Agreement, the District Court held that their use was within the limitations set forth in the 1979 License Agreement and the 1998 Agreement, and therefore non-infringing. Such position of the District Court was made early in its decision thereby tainting the remainder of the District Court's reasoning, that was based upon a legal belief that third parties may rely upon consent-to-use agreements and license agreements to which they are not a party. However, if Clark and Blake were not allowed to rely upon the agreements to which they are not parties, the 1998 Agreement and the 1979 License Agreement, they would have no basis for any arguments that their proposed mark, "CLARK AND BLAKE BRENNAN'S ROYAL B," fits within the limitations of the agreements. Then, the District Court could have analyzed the facts for what they were and would have ignored the number of other restaurants utilizing the "BRENNAN'S" trademark

because all of these restaurants are specifically granted permission to do so pursuant to either the 1979 License Agreement or the 1998 Agreement. Further, the 1998 Agreement and the 1979 License Agreement would not have been considered at trial.

Clearly, the outcome of the present matter was heavily influenced by the existence of the 1979 License Agreement and the 1998 Agreement. Yet, neither the District Court nor the Fifth Circuit had any type of precedent regarding whether or not a third party may rely upon a consent-to-use agreement or license agreement (1) to defend against trademark infringement, or (2) to provide a basis for allowing a third party to choose and use another's trademark without authority. If a clear precedent is established, then (1) the number of diverging opinions on whether or not third parties can rely upon consent-to-use or license agreements would halt, and (2) trademark owners would know whether or not license agreements weaken their trademarks so that parties would be allowed to proceed accordingly when it comes to handling trademark agreements.

Under the current state of the law in the Fifth Circuit, it is possible that a third party who happened to have the last name McDonald could open a McDonald's restaurant selling hamburgers with a decor similar to a properly franchised McDonald's® restaurant, and in defense, that party could claim that because license agreements weaken trademarks, the McDonald's® mark is very weak and not entitled to protection such that the third party is protected

against claims of trademark infringement. While a quick review of this scenario seems outrageous and comical, a thorough review of the ruling of the Fifth Circuit at issue would lead one to think otherwise, thus emphasizing the need for a precedent.

IV. This Case Is a Good Vehicle to Resolve the Questions Presented

For a variety of reasons, this case presents an opportunity for this Court to set the precedent on whether third parties may rely on consent-to-use agreements, and on whether license agreements weaken trademarks. First, the split among the circuits should be resolved. Second, this Court should wait no further to expressly state that trademark license agreements do not weaken a trademark. Such issue is so settled, and the decision of the Fifth Circuit clearly deviated from 15 U.S.C. §1055 that it did not publish its decision. The decision not to publish should be analyzed as reason to grant rather than deny certiorari as non-publication confirms that the Fifth Circuit clearly deviated from the other circuits and the plain language of 15 U.S.C. §1055.

CONCLUSION

In conclusion, whether third parties may rely on consent-to-use agreements, and whether license agreements weaken a trademark are extremely important questions of law. Trademark owners often struggle with

business decisions such as whether or not to enter into agreements regarding their trademark(s), and the uncertainty in the law raised by the Fifth Circuit further confuses trademark owners. From a business standpoint, owners are encouraged to thrive and grow their business and possibly pursue franchising opportunities. However, now that the Fifth Circuit has construed license agreements as actions that weaken a trademark, trademark owners are now persuaded against franchising for fear of losing or weakening their trademark(s).

Accordingly, the Court should grant writs and resolve the important questions of whether a third party can rely upon a consent-to-use agreement and/or a license agreement as a defense to trademark infringement or as a basis to use another's trademark without proper authority, and whether license agreements weaken trademarks. It should also overturn the Fifth Circuit's decision. For the foregoing reasons, the petition for writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

Page

Per Curiam Opinion of the United States Court of Appeals for the Fifth Circuit, dated August 6, 2008 ..... App. 1

Memorandum Opinion and Order of the United States District Court for the Southern District of Mississippi, Jackson Division, dated May 23, 2007 ..... App. 7

Order of the United States Court of Appeals for the Fifth Circuit, denying the Petition for Rehearing, dated September 10, 2008 ..... App. 42

No. 07-60497

IN THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

No. 07-60497

BRENNAN'S, INC.

Plaintiff-Appellant

v.

BERT CLARK BRENNAN; BLAKE W BRENNAN

Defendants-Appellees

Appeal from the United States District Court
for the Southern District of Mississippi
USDC No. 3:06-cv-00694

(Filed Aug. 6, 2008)

Before SMITH, DeMOSS, and STEWART, Circuit Judges.

PER CURIAM:*

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* Pursuant to 5TH CIR. R. 47.5, the court has determined that this opinion should not be published and is not precedent except under the limited circumstances set forth in 5TH CIR. R. 47.5.4.

Appellant Brennan's Inc. appeals the district court's denial of a preliminary injunction against Appellees Bert Clark Brennan and Blake Brennan for trademark infringement and dilution and the district court's granting of Appellees motion to exclude expert testimony.

I.

Appellant owns and operates the well known Brennan's restaurant in New Orleans, Louisiana. Appellees, former employees of the Appellant, initiated plans to open their own restaurants in Destin, Florida, and Jackson, Mississippi. On August 31, 2006, Appellees registered the mark "Clark and Blake Brennan's Royal B" for use in connection with their restaurants with the United States Patent and Trademark Office (USPTO). Appellant brought suit against Appellees pursuant to the Lanham Act, 15 U.S.C. §§ 1114 & 1125, for trademark infringement and unfair competition. Appellant also sought an injunction pursuant to 15 U.S.C. § 1116, to prohibit Appellees from using the name, or any name similar to, the "Brennan's" mark; selling, displaying, using, or advertising under the "Brennan's" mark or incorporating the "Brennan's" mark or any variation thereof; and engaging in unfair competition. The district court held that Appellant failed to satisfy the elements necessary to impose a preliminary injunction. Appellant timely filed the present appeal.

We review the factual findings of the district court for clear error and its legal conclusions de novo. *Hoover v. Morales,* 164 F.3d 221, 224 (5th Cir. 1998). Each of the four elements required to support a preliminary injunction presents mixed questions of law and fact. *Id.* The ultimate decision whether to grant or deny a preliminary injunction is reviewed only for abuse of discretion, however a decision based on erroneous legal principles is reviewed de novo. *Id.* In reviewing a trademark claim, a "finding of a likelihood of confusion is . . . a finding of fact reviewed for clear error." *Westchester Media v. PRL USA Holdings, Inc.,* 214 F.3d 658, 665 (5th Cir. 2000).

A preliminary injunction is an extraordinary equitable remedy that may be granted only if the plaintiff establishes four elements: (1) a substantial likelihood of success on the merits; (2) a substantial threat that the movant will suffer irreparable injury if the injunction is denied; (3) that the threatened injury outweighs any damage that the injunction might cause the defendant; and (4) that the injunction will not disserve the public interest. *Speaks v. Kruse,* 445 F.3d 396, 399-400 (5th Cir.2006) (internal quotations omitted). To succeed in a trademark infringement claim, a party must first show that it has a protectable right in the mark and, second, show that there is a likelihood of confusion between the marks. *See Sec. Ctr., Ltd. v. First Nat'l Sec. Ctrs.,* 750 F.2d 1295, 1298 (5th Cir.1985).

Following limited discovery and a hearing, the district court found that Appellant failed to establish

a substantial likelihood of success on the merits after considering the "digits of confusion."[1] *Elvis Presley Enters., Inc. v. Capece,* 141 F.3d 188, 194 (5th Cir. 1998). Specifically, the district court found that: 1) the "Brennan's" mark is weak due to the number of restaurants using the Brennan name; 2) the only similarity in the two marks is the name "Brennan's," and differences in exemplars and the use of the Appellees' first names sufficiently distinguishes the marks; 3) any similarities between the parties' restaurants already exist between Appellant's restaurants and "countless other" New Orleans and French Quarter restaurants, including restaurants opened by other Brennan family members, and that Appellees have not replicated Appellant's restaurant to an extent likely to cause confusion; 4) the parties are not in direct competition for customers due to the distances between the restaurants and the sophistication of the potential patrons; 5) the distances in between the restaurants would not likely result in advertising that misleads potential customers; 6) the Appellees did not intend to confuse or deceive the public; and 7) there was insufficient evidence of actual confusion by the public. The district court

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[1] The non-exhaustive list of factors, or "digits of confusion," includes: "1) the type of trademark allegedly infringed; 2) the similarity between the two marks; 3) the similarity of the products or services; 4) the identity of the retail outlets and purchasers; 5) the identity of the advertising media used; 6) the defendants' intent; and 7) any evidence of actual confusion. *Elvis Presley Enters.*, 141 F.3d at 194.

found that, with only one exception, Appellant has not suffered any confusion, loss of goodwill, or loss of reputation with any of the multiple Brennan family restaurants in operation in New Orleans and elsewhere.[2] The district court also held that Appellant failed to establish irreparable harm given the lack of evidence that Appellees' restaurant would threaten Appellant's reputation. Finally, the district court found that allowing Appellees to use their own last name in connection with their restaurant when there is a low likelihood of confusion would not disserve the public interest.

We find no error with the district court's findings and hold that the district court did not abuse its discretion in denying the preliminary injunction, thus the decision of the district court is affirmed.

II.

We review the district court's exclusion of expert testimony for abuse of discretion. *United States v. Ogle*, 328 F.3d 182, 188 (5th Cir. 2003). The district court denied Appellant's motion to exclude the expert testimony of Kenneth Germain. Appellant has offered no basis for this court to find that the district court

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[2] For example, the district court heard testimony that Brennan's in Houston, specifically intended to replicate the Brennan's in New Orleans, created little to no confusion with, and had no effect on the reputation or goodwill of, the Brennan's in New Orleans.

abused its discretion in excluding the testimony. Thus, we affirm the district court's granting of Appellees' motion to exclude.

AFFIRMED.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
JACKSON DIVISION

BRENNAN'S, INC. — PLAINTIFF

VS. — CIVIL ACTION NO. 3:06CV694TSL-JCS

BERT CLARK BRENNAN AND BLAKE W. BRENNAN — DEFENDANTS

MEMORANDUM OPINION AND ORDER

(Filed May 23, 2007)

Plaintiff Brennan's, Inc., which owns the famous Brennan's restaurant in the French Quarter in New Orleans, filed this lawsuit on December 8, 2006 against Bert Clark Brennan and Blake W. Brennan asserting causes of action for trademark infringement and dilution under the Lanham Act, 15 U.S.C. §§ 1114 and 1125[(c)]), and seeking an injunction against defendants' use of what plaintiff contends is a substantially similar name, "Clark and Blake Brennan's Royal B," on restaurants which defendants are planning to open soon in Destin, Florida and Ridgeland, Mississippi, and perhaps other locations, as well. Following a period of limited discovery, the case came on for hearing before the court on Brennan's motion for preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure. The court, having considered the evidence presented and arguments

of counsel, concludes that plaintiff's motion should be denied.[1]

As stated, plaintiff owns and operates Brennan's restaurant, located at 417 Royal Street, in the French Quarter. Brennan's restaurant was started in 1946 by Owen E. Brennan, Sr., and is currently owned in roughly equal parts by Owen Brennan's three sons, Owen (Pip) E. Brennan, Jr., Theodore (Ted) M. Brennan and James (Jimmy) Brennan. The defendants, Bert Clark Brennan and Blake W. Brennan, are Pip's sons. For a period of about ten years beginning in April 1995, Clark and Blake were employed as general managers of the restaurant. However, on May 6, 2006, both sons tendered their resignations. As it happened, prior to formally tendering their resignations, Clark and Blake had been making plans to open restaurants of their own, a fact which was learned by Pip, Ted and Jimmy not long after defendants

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[1] Prior to the hearing, defendants moved to exclude the testimony of plaintiff's expert, Kenneth Germaine. At the start of the hearing, the court indicated that this motion would likely be granted, and the court now holds that this motion is granted for the reasons assigned in the defendants' motion. Defendants had also moved to consolidate the hearing on the motion for preliminary injunction with the trial on the merits, or alternatively, to consider this as a summary judgment motion. The court announced that the motion to consolidate was denied, but made no ruling with respect to the alternative request for summary judgment. Plaintiff requested an opportunity to respond to defendants' motion in this regard, and that opportunity will be granted. Accordingly, the court reserves ruling on this aspect of defendants' motion to consolidate.

resigned.[2] Pip, Ted and Jimmy first discovered that Clark and Blake, through a company they had formed, B.3.G., LLC, had filed an intent-to-use trademark application with the United States Patent and Trademark Office for the name "Brennan Brothers" in international Class 043 for "restaurant services." However, Brennan's, Inc. owned the registered service mark "Brennan's" in international Class 043 for "restaurant services," and therefore, through counsel, sent Clark and Blake a cease and desist letter advising that use of the name "Brennan Brothers" was unauthorized, would cause confusion and would infringe upon plaintiff's "Brennan's" mark.

Although the Patent and Trademark Office denied defendants' application for the mark "Brennan Brothers,"[3] Clark and Blake subsequently filed a second intent-to-use trademark application on August 31, 2006 for the name "Clark and Blake Brennan's Royal B." Upon learning of this second application,

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[2] Defendants' decision to strike out on their own came after a meeting with their father and uncles in June 2005 in which their uncles made it clear to them in no uncertain terms that they would never have an ownership in Brennan's and never be anything other than employees of Brennan's. When Katrina hit and destroyed both defendants' homes a couple of months later, they relocated to Jackson temporarily, and eventually made the decision to make the move permanent.

[3] The initial denial was indicated to be based on the examiner's search results which indicated the possibility of confusion with other marks using the name Brennan. A second decision was issued reflecting the examiner's denial based on the fact that the proposed name was "primarily a surname."

Brennan's, Inc. again advised defendants that use of this name was unauthorized, would cause confusion and would infringe upon the "Brennan's" mark. Brennan's, Inc. then filed this suit, alleging that defendants' unauthorized and intentional use of the name "Clark and Blake Brennan's Royal B," or any other name incorporating the "Brennan's" mark for restaurant services, in Brennan's established consumer base and market area will unlawfully confuse and mislead customers into believing that defendants' proposed restaurants are sponsored by, affiliated with, and/or related to Brennan's, and the goodwill associated with the "Brennan's" mark. Brennan's seeks an injunction pursuant to 15 U.S.C. § 1116 to prohibit defendants from using any name, similar to or incorporating the federally registered "Brennan's" mark or any variation thereof, prohibiting defendants from engaging in unfair competition by offering services substantially similar to services offered by Brennan's and associated with Brennan's restaurant, and prohibiting them from selling, displaying, using or advertising of services under the federally registered "Brennan's" mark or any variation thereof.[4]

To obtain a preliminary injunction, a plaintiff must establish each of the following elements: (1) a substantial likelihood of success on the merits; (2) a substantial threat that it will suffer irreparable

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[4] In addition to the "Brennan's" mark, plaintiff also owns the mark "Breakfast at Brennan's" and the chanticleer rooster. Neither of those is at issue herein.

injury absent the injunction; (3) that the threatened injury outweighs any harm the injunction might cause the defendants; and (4) that the injunction will not impair the public interest. *Enrique Bernat F., S.A. v. Guadalajara, Inc.*, 210 F.3d 439, 442 (5th Cir. 2000) (citing *Sugar Busters L.L.C. v. Brennan*, 177 F.3d 258, 265 (5th Cir. 1999)). For the reasons that follow, the court concludes that plaintiff has failed to establish a substantial likelihood of success on the merits, or any of the other requisites for injunctive relief.

Likelihood of Success on the Merits

"The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers. National protection of trademarks is desirable, Congress concluded, because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198, 105 S. Ct. 658, 663 (1985). Thus, trademark law prohibits the use of "a mark which so resembles a mark . . . when used on or in connection with the goods of the applicant to cause mistake, or deceive. . . . " 15 U.S.C. § 1502(a).

To prevail on its claim of trademark infringement, plaintiff must show that the "Brennan's" mark is protected and that defendants' use of the mark creates a likelihood of confusion in the minds of

potential consumers as to the "source, affiliation, or sponsorship" of defendants' restaurants. *See Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 663-64 (5th Cir. 2000); *see also* 15 U.S.C. §§ 1114(1), 1125(a) (1)(A). Here, it is undisputed that the "Brennan's" mark is protected. Brennan's has been using the "Brennan's" mark since the 1950s and the trademark was granted in 1973. Moreover, since plaintiff has used the "Brennan's" mark continuously since its registration, the "Brennan's" mark is incontestable, meaning, among other things, that it is conclusively presumed to have acquired secondary meaning.[5] The focus of the inquiry in this case is therefore on whether defendants' use of "Brennan's" in the name of their restaurants creates a likelihood of confusion in the minds of potential customers as to the source of defendants' products and/or services. *See Sugar Busters LLC v. Brennan,* 177 F.3d 258, 264 (5th Cir. 1999). When evaluating a claimed likelihood of confusion, the courts consider the following nonexhaustive list of factors, known as the "digits of confusion":

(1) the type of trademark allegedly infringed,

(2) the similarity between the two marks,

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[5] A registered mark in continuous use for five consecutive years after registration, and still in use, becomes incontestable. *See* 15 U.S.C. § 1065. The registration constitutes "conclusive evidence" of the right to use the mark, and forecloses any challenge that the mark has not acquired secondary meaning.

(3) the similarity of the products or services,

(4) the identity of the retail outlets and purchasers,

(5) the identity of the advertising media used,

(6) the defendants' intent, and

(7) any evidence of actual confusion.

Elvis Presley Enterprises, Inc. v. Capece, 141 F.3d 188, 194 (5th Cir. 1998). "No single factor is dispositive, and a finding of a likelihood of confusion does not require a positive finding on a majority of these 'digits of confusion.'" *Id.* The court may also consider other relevant factors in determining whether a likelihood of confusion exists. *Id.*

1. Type of Mark Allegedly Infringed.

The degree to which a senior user's mark is entitled to protection depends on whether the mark is classified as generic, descriptive, suggestive or fanciful/arbitrary.[6] "The stronger the mark, the greater the

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[6] The Fifth Circuit has explained:

Marks fall into four categories. A strong mark is usually fictitious, arbitrary or fanciful and is generally inherently distinctive. It is afforded the widest ambit of protection. A descriptive mark tells something about the product; it is protected only when secondary meaning is shown. In contrast to the above is the suggestive mark, which subtly connotes something about the service or product. Although less distinctive than

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protection it receives because the greater the likelihood that consumers will confuse the junior user's use with that of the senior user." *Elvis Presley Enter.*, 141 F.3d at 201 (citations omitted). The strength of a trademark involves two components: its inherent or intrinsic distinctiveness/strength and the distinctiveness it has acquired in the marketplace, i.e., its commercial strength. *See Brennan's, Inc. v. Brennan's Restaurant, L.L.C.*, 360 F.3d 125, 130-31 (2d Cir. 2004). "[I]nherent distinctiveness, examines a mark's theoretical potential to identify plaintiff's goods or services without regard to whether it has actually done so. . . . [A]cquired distinctiveness, . . . looks solely to that recognition plaintiff's mark has earned in the marketplace as a designator of plaintiff's goods or services." *Id.* (citations omitted).

Brennan's argues that its mark is at least arbitrary and as such is entitled to broad protection. Defendants, on the other hand, argue that "Brennan's" is merely a descriptive surname, and thus entitled to little protection. The Second Circuit addressed this issue in *Brennan's, Inc. v. Brennan's*

> a fictitious, arbitrary or fanciful mark and therefore a comparatively weak mark, a suggestive mark will be protected without proof of secondary meaning. Lastly, there are generic terms, which communicate "information about the nature or class of an article or service," and therefore can never become a service or trademark.

Sun Banks v. Sun Federal, 651 F.2d 311, 325 (5th Cir. 1981) (citations omitted).

Restaurant, L.L.C., another trademark infringement suit brought by Brennan's, Inc. relating to a New York restaurant operated in the name of its owner, Terrance Brennan's Seafood and Chop House, and held that "[a] proper name such as Brennan's is descriptive because it does not by itself identify a product." *Id.* at 132. That court thus concluded that notwithstanding that the "Brennan's" mark had attained secondary meaning through registration and use, it was merely "a common last name" which was not "inherently distinctive" but rather "inherently weak." *Id.* at 132. Still, the court went on to note that "even a common name mark may warrant protection as a strong mark if it has achieved distinctiveness in the marketplace." *Id.* That is, it may achieve the status of a strong mark if plaintiff demonstrates "distinctiveness in the *relevant* market, for if the mark is not recognized by the relevant consumer group, a similar mark will not deceive those consumers. . . . " *Id.* (citations omitted).

The relevant market here is the pool of potential customers of defendants' Royal B restaurants, for it is those patrons whose potential confusion is at issue. *Id.* In the (Terrance) *Brennan's* case, the Second Circuit concluded that the "Brennan's" mark was weak in the relevant market, which was New York. Here, however, Brennan's market arguably extends to the Jackson area (which is roughly 190 miles from New Orleans), and to Destin (about 250 miles distance from New Orleans), as Brennan's advertising efforts extend into these areas. Thus, unlike New

York, the "Brennan's" mark is not necessarily weak in these markets due to geographic or marketing considerations. However, an overarching factor in assessing the strength of the "Brennan's" mark is the fact that it is widely known that members of the Brennan family independently own and operate a number of famous restaurants both within and without New Orleans, many using the "Brennan's" name.

Brennan's restaurant is famous in its own right, of course, but the Brennan family of New Orleans is renowned for its restaurants both in New Orleans and in other locations around the country. It has been written that "Brennan" is "one of the most famous names in New Orleans culinary scene," and that the Brennan family "is responsible for fostering a culinary tradition that many regard as the epitome of New Orleans fine dining." *See* Ian McNulty, *The Brennan Family: A Luscious Legacy,* http://www.frenchquarter.com/dining/brennans.php (last visited May 23, 2007); *see also Brennan's Inc. v. Dickie Brennan & Co. Inc.,* 376 F.3d 356, 358-59 (5th Cir. 2004) ("As habitués of New Orleans are well aware, members of the Brennan family are uncommonly blessed with a talent for restaurateuring."). Various branches of the Brennan family operate a total of twelve restaurants. Ten are located in New Orleans, including Brennan's (the original restaurant in what has been referred to as the Brennan family dynasty); Mr. B's Bistro (owned by Ralph Brennan); Ralph Brennan's Bacco; Ralph Brennan's Redfish Grill; Ralph's on the Park; Dickie Brennan's Palace Cafe; Dickie Brennan's Steakhouse;

Dickie Brennan's Bourbon House; Commander's Palace (owned and operated by Ella and Lally Brennan); and Cafe Adelaide. There is also a Brennan's of Houston, owned and operated by Ella Brennan, and Ralph Brennan's Jazz Kitchen in Anaheim, California. The names of some of these restaurants include the Brennan family name, and some do not, but whether the name is used or not, it is widely known that they are all operated by Brennan family members.[7]

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[7] In *Brennan's Inc. v. Dickie Brennan & Co. Inc.*, 376 F.3d 356, 358-59 (5th Cir. 2004), the Fifth Circuit undertook to explain the evolution of the Brennan family's restaurant holdings, as follows:

> The family's first restaurant, known since the 1950s as Brennan's Restaurant, was opened by Owen E. Brennan, Sr. In time, this restaurant came to be owned 60% by Owen Sr.'s widow Maude and their three sons – Owen Jr., James, and Theodore ("the brothers") – and 40% by the brothers' aunts and uncles, including Richard Brennan, Sr. ("Richard Sr."). The family registered BRENNAN'S as a federal trademark, and the family opened other restaurants as well. A disagreement arose between the two sides of the family in the early 1970s, resulting in a partition of the family restaurant enterprise. The original Brennan's Restaurant went to Owen Sr.'s widow and sons, while the family's other restaurants went to the brothers' aunts and uncles.
>
> The partition did not solve all of the difficulties, and the Brennan's Restaurant side of the family sued the other side of the family in 1976 for trademark infringement. The litigation came to a close in 1979 with a settlement agreement ("the 1979 Agreement")

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The question thus arises: How strong is the "Brennan's" mark for the purpose of identifying the original Brennan's restaurant, given the number of high profile restaurants operated by members of the Brennan *family* and the notoriety of the Brennan *family* as restaurateurs?[8] More pertinently, the question is this: Given the connection of Brennan family

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> and a consent judgment that defined the two camps' rights in the BRENNAN'S mark. Owen Sr.'s widow and sons received exclusive rights to the mark in Louisiana and all other states except Texas and Georgia, where Richard Sr. and his siblings held exclusive rights. The agreement further provided that (with some exceptions) no party would "open [ ] or operate[ ]" a new restaurant in Louisiana using the Brennan name, though the agreement also allowed the parties to "aid" their descendants' efforts to own or operate restaurants "under any name." Regarding future disputes that might arise, the 1979 Agreement stated that neither side would assert its trademark rights against the other for uses permitted by the agreement, but it also said that it did not bar future claims that might arise out of a breach of the agreement. Owen Sr.'s widow later died, and the three brothers continued to own and operate the original Brennan's Restaurant through Brennan's, Inc.

("Brennan's").

[8] Evidence was presented at trial of a billboard on the highway coming into New Orleans from the airport which advertises "The Original Brennan's Restaurant." While Ted Brennan testified that the reference to "original" was added post-Katrina to let the public know that Brennan's was back, and was the same Brennan's it had always been, Jimmy Brennan testified in his deposition that they used "original" to describe their restaurant because "everybody and his brother was using our name on their restaurant."

members to so many restaurants, and to so many New Orleans restaurants (and New Orleans style restaurants) in particular, is a customer or potential customer of Royal B likely to confuse defendants' restaurant with the original Brennan's restaurant, as opposed to understanding that this is simply another branch of the Brennan family expanding the family's restaurant empire?[9] In the court's view, the answer is that under these circumstances, defendants' use of the Brennan surname would not tend to create such confusion, at least in the absence of something more to suggest a connection with plaintiff's restaurant, especially since the name of defendants' restaurant includes their first names along with their Brennan surname. The question then becomes whether there is something more to suggest such a connection.

2. The similarity between the two marks:

The similarity of the marks in question is determined by comparing the marks' appearance, sound, and meaning. "Even if prospective purchasers recognize that the two

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[9] Excerpts from a Zagat's (Restaurant) Survey introduced at trial reflects the breadth of the Brennan family's impact on the restaurant scene in New Orleans, stating of Dickie Brennan's Steakhouse, "the Brennan's experience brought to beef"; of Mr. B's, "another excellent Brennan joint"; of Palace Cafe, "another great Brennan restaurant"; and, of Ralph Brennan's Redfish Grill, "yet another French Quarter seafooder from the Brennan family."

> designations are distinct, confusion may result if purchasers are likely to assume that the similarities in the designations indicate a connection between the two users. The relevant inquiry is whether, under the circumstances of the use," the marks are sufficiently similar that prospective purchasers are likely to believe that the two users are somehow associated.

Elvis Presley Enterprises, 141 F.3d at 201.

While Brennan's has argued that defendants' mere use of the name "Brennan's" in "Clark and Blake *Brennan's* Royal B" for restaurant services, on its face, is sufficiently similar to the "Brennan's" mark to support a finding of likely confusion, its principal argument is that defendants' use of "Brennan's" in conjunction with the term "Royal" in the proposed name could only be calculated to mislead customers into believing that defendants' restaurants are associated with, sponsored by, related to and/or somehow affiliated with the original Brennan's restaurant on Royal Street in New Orleans. Plaintiff insists in this regard that Brennan's restaurant, which has been located on Royal Street since 1956, has become "synonymous" with Royal Street to such an extent that the restaurant is well known to the public as "Royal Street Brennan's," "Brennan's on Royal" or "Brennan's on Royal Street," and the owners known as the "Royal Street Brennan's." It maintains that defendants' use of "Royal B," which is a blatant allusion to "Royal" Street, coupled with their

use of the "Brennan's" name, will lead inexorably to confusion. Indeed, plaintiff posits that the name could only have been intended by defendants to mislead customers into thinking their restaurant is affiliated with "Brennan's on Royal" or "Royal Street Brennan's."

If Brennan's were widely known as "Royal Street Brennan's," or "Brennan's on Royal," that would obviously have a greater tendency to support a finding of similarity of the two marks than the mere use of the name "Brennan's" in defendants' mark. In the court's opinion, however, the evidence does not support plaintiff's assertion in this regard. Throughout the hearing and in their memoranda, plaintiff's witnesses and counsel did consistently refer to Brennan's as either "Brennan's on Royal" or "Royal Street Brennan's," and Ted Brennan, in particular, was adamant in his testimony that Brennan's has come to be known as "Royal Street Brennan's" or "Brennan's on Royal." Beyond that, however, there is little actual evidence to support this claim. For example, there is nothing in any of plaintiff's advertising or marketing materials referring to Brennan's in this manner; rather, all references are to simply "Brennan's." And while one newspaper article did refer to the owners of Brennan's as the owners of the "Royal Street Brennan's," there are literally hundreds of other references to the restaurant in print media as simply "Brennan's."

The exemplars of the marks themselves are not similar and would not reasonably lead one to infer a

connection between the parties' restaurants. The "Brennan's" mark consists of the name "Brennan's" in simple, unadorned red script. Defendants' mark is decidedly different. It is more elaborate and uses different words, a different font, different colors (black and green) and different insignia. The only similarity is the fact that "Brennan's" appears in both marks, but the use of Clark and Blake Brennan's first names identifies them as the owners and serves to distinguish theirs from the "Brennan's" marks.

3. The similarity of the products or services:

"When products or services are noncompeting, the confusion at issue is one of sponsorship, affiliation, or connection." *Elvis Presley Enterprises,* 141 F.3d at 202.[10] The proper focus of this inquiry is on "whether the products and services of [Brennan's] and the Defendants are similar enough to cause confusion as to source or affiliation." *Id.* Thus, it should go without saying that "'[t]he greater the similarity between products and services, the greater the likelihood of confusion.'" *Id.* (quoting *Exxon Corp. v. Texas Motor Exch. of Houston, Inc.,* 628 F.2d 500, 505 (5th Cir. 1980)).

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[10] While Jackson/Ridgeland and Destin are arguably in the market served by Brennan's inasmuch as Brennan's customer base is largely comprised of tourists, the parties' restaurants do not directly compete for customers. Someone is not likely to choose to eat at Brennan's in New Orleans rather than eating at a restaurant in Ridgeland, Mississippi or Destin, Florida.

Plaintiff maintains that the services and products defendants plan to offer are so strikingly similar to Brennan's products and services as to make it clear that defendants have essentially undertaken to replicate Brennan's, from theme to food to decor to atmosphere so as to "pass off" their restaurant as having a connection with Brennan's. Plaintiff points out, for example, that defendants' menus will include a relatively large number (more than half) of the same or similar items to those appearing on the Brennan's menu, including Turtle Soup, Grillades and Grits, Berny Potatoes, Filet Serice, Shrimp Remoulade, Oysters Rockefeller and Okra Gumbo, to name few, and also including Bananas Foster, the dish for which Brennan's is undeniably most famous (the enormously popular dessert created by a Brennan's chef Paul Blange in 1951). Moreover, defendants have described their planned Ridgeland restaurant as having a "New Orleans feel with wrought iron, copper accents, gas lamps and even a quaint courtyard area giving the feeling that you were sitting in the heart of the French Quarter"; plaintiff notes that all these features are also found at Brennan's restaurant. The plans for the Destin restaurant reflect arched openings on the exterior and arched doorways in the interior, and call for wall sconces and ceiling lanterns, also features of Brennan's restaurant. Plaintiff concludes that defendants' use of the "Brennan's" mark in connection with restaurants offering substantially similar or identical products and services in an atmosphere substantially

similar or identical to plaintiff's Brennan's restaurant will certainly mislead customers into believing their restaurants are associated with, sponsored by or affiliated with Brennan's restaurant in New Orleans.

For their part, defendants admit their products and services will be similar to those provided by Brennan's. They admit their restaurants will feature a "traditional New Orleans style cuisine," in an "upscale atmosphere," with decor reminiscent of the French Quarter. Yet they note that there are hundreds if not thousands of upscale restaurants offering New Orleans style cuisine in a New Orleans style atmosphere, so that Brennan's obviously has not cornered this market. They point out that numerous restaurants serve the same or similar items to those on the Brennan's menu, and in fact, many of the Brennan family restaurants have a significant number of menu items that are the same or similar to those on plaintiff's menu, including, among others, Bananas Foster (which has obviously become a "classic New Orleans dessert"), Turtle Soup, Grillades and Grits, Shrimp Remoulade and Oysters Rockefeller. Finally, they note that most, if not all, of the features which plaintiff claims defendants have copied from Brennan's restaurant are hardly distinctive but rather are common throughout the French Quarter. In fact, in his testimony, Ted Brennan acknowledged that "quite a few" French Quarter buildings have wrought iron or decorative ironwork; that the French Quarter has "quite a few" stucco structures; that gas lanterns are "part of the charm of the French

Quarter;" that copper is not uncommon either; that arches abound; and that all of these features are part of the French Quarter theme. Courtyard dining is also a mainstay of the French Quarter, and is typical of "New Orleans style" dining.

There are undeniable similarities between Brennan's and defendants' planned restaurants; but these same similarities exist between defendants' restaurants (and Brennan's restaurant) and countless other New Orleans/French Quarter restaurants, including restaurants operated by other Brennan family members; and while the court does not doubt that defendants have tried to create a restaurant with the "look" and "feel" of a classic French Quarter fine dining establishment, the court is not persuaded that defendants have replicated Brennan's, at least not to an extent that would likely cause confusion by patrons or potential patrons.

4. The identity of purchasers/customers:

Of course, as the court has noted, the parties are really not in direct competition for customers, because no one is going to choose on a given day between dining in Jackson/Ridgeland/Destin or New Orleans. Brennan's contends, however, that because its "sphere of influence" extends at least throughout the southeast so that its customer base includes diners in the Jackson/Ridgeland and Destin areas, defendants' infringing actions will reduce Brennan's market. Brennan's posits that customers in Jackson

or Destin may choose to forego a trip to New Orleans if they believe they can eat at Brennan's in Jackson or Destin, or if they travel to New Orleans, may choose to forego eating at Brennan's, thinking they have or can do so in Jackson or Destin.

However, another "digit of confusion" that the court may consider is the degree of care employed by consumers, or put another way, the sophistication of the potential customer. In this regard, it is undoubtedly true that both parties cater to sophisticated patrons who are far more likely to appreciate the distinction in the parties' restaurants, and to understand they are under separate ownership, which significantly lessens the likelihood of confusion.

5. Identity of advertising media:

While plaintiff and defendants use similar advertising media in their markets, the court tends to agree that in light of the geographic distance involved, there is little likelihood that their advertising might tend to mislead a prospective patron.

6. The defendants' intent:

"Proof of an intent to confuse the public is not necessary to a finding of a likelihood of confusion," but proof that "a mark was adopted with the intent to confuse the public . . . alone may be sufficient to justify an inference of a likelihood of confusion." *Elvis Presley Enterprises,* 141 F.3d at 203.

Plaintiff argues that defendants' intent is clear: They "seek to capitalize and profit on confusion of Defendants' restaurants with the BRENNAN'S RESTAURANT by name association and similarity of restaurant services provided," that is, by "replicating BRENNAN's Restaurant while using an infringing mark."

The court is not persuaded that defendants selected the mark "Clark and Blake Brennan's Royal B" for the purpose of creating confusion. These defendants simply wanted to use their own names on their own restaurants, and undertook to do so in a way they thought (or at least hoped) would satisfy plaintiff's objections to their use of the Brennan name[11] In so doing, defendants relied on earlier agreements between Brennan's, Inc. and other members of the Brennan family prescribing allowable use of the "Brennan's" mark, including a 1979 agreement with Owen Brennan, Sr.'s brothers and sisters and their heirs, and a 1998 agreement with Dickie Brennan. The stated purpose of those consent-to-use agreements was to delineate acceptable uses of the mark toward the goal of avoiding confusion of the trade or

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[11] The court notes, but rejects, plaintiff's arguments that defendants alleged misplacement of the apostrophe in "Clark and Blake Brennan's Royal B," reflects an intent on the part of defendants to suggest a connection with Brennan's, for while plaintiff may find the point debatable, it appears to the court that defendants' mark is grammatically correct.

public,"[12] and both agreements provided that the other Brennan family members could use the Brennan name so long as they adhered to certain defined criteria, namely, that one or more of the first names would always be used in connection with the Brennan surname as the restaurant name; the first name would always be of at least equal prominence with the surname Brennan; no name would appear in script form; and no connection or association could be made or suggested between the new restaurant and Brennan's, such as by use of the words "original" or "famous." Although defendants are not parties to either of those agreements and thus cannot claim to be contractually permitted to use the "Brennan's" mark,[13] nevertheless, it does appear they relied on the

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[12] A consent-to-use agreement is a contract in which the owner of a mark consents to another party's defined use of the mark and, in effect promises not to sue so long as the other party keeps within the defined zone of use. *Brennan's, Inc. v. Dickie Brennan & Co. Inc.*, 376 F.3d at 364 (citing 2 McCarthy on Trademarks and Unfair Competition § 18:79 (4th ed. 2004)). "That is, [the owner] admits that such defined usage is not an infringement and that [he] will therefore not sue [the other party] for such usage." *Id.* "In other words, a consent-to-use agreement '"[i]s not an attempt to transfer or license the use of a trademark . . . but fixes and defines the existing trademark of each . . . [so] that confusion and infringement may be prevented."'" *Id.*

[13] Defendants have argued that plaintiff is foreclosed from asserting a claim for infringement because their mark complies with the requirements of the 1979 and 1998 agreements. In Brennan's, Inc., the Fifth Circuit declined to decide whether a stranger could rely on a consent-to-use agreement, stating:

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agreements' provisions in choosing their own "Clark and Blake Brennan's Royal B," which suggests to the court that they did not adopt their own mark with an intent to confuse.[14] Moreover, especially given that defendants were aware that most of the other Brennan family restaurants were traditional New Orleans/ French Quarter style restaurants, the fact that their plan was to also open restaurants where they would offer "authentic New Orleans cuisine in a meticulously reproduced classic New Orleans style 'French Quarter' setting," i.e. cuisine similar to that of

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> We point out that the defendants do not raise the theory, adopted by some courts but not by others, that a stranger to a consent-to-use agreement can use the agreement against the mark-holder as an admission that certain uses do not create confusion, though other courts reject such a theory. See 2 McCarthy § 18:81. In terms of the facts of this case, the argument would be that the plaintiffs' consent to let Dickie use certain names could be turned against the plaintiffs if they brought an infringement case against other parties for similar conduct, on the theory that even strangers to the consent-to-use agreement could use the plaintiffs' contract with Dickie as an admission that such uses do not produce confusion. Since the defendants have not raised this particular theory in their brief in defense of either the companies or Richard Sr., we accordingly express no opinion on whether such a theory is a viable defense in an infringement suit.

Brennan's Inc. v. Dickie Brennan & Co. Inc., 376 F.3d at 369 n.7.

[14] Plaintiff argues that intent is evident from the fact that defendants "intentionally decided to use the name 'Clark and Blake Brennan's Royal B' for their proposed restaurant venture."

Brennan's in a setting similar to Brennan's, does not lead to the court to find an intent to confuse.

"However, an innocent intent in adopting a mark does not immunize an intent to confuse in the actual use of the mark." *Elvis Presley Enter.*, 141 F.3d at 203 (citing *Restatement (Third) of Unfair Competition* § 22 cmt. c (1995) ("Even if an actor believes in good faith that the copying of another's designation is justified, an inference that confusion is likely may arise from other circumstances that suggest an intent to confuse, such as a failure to take reasonable steps to minimize the risk of confusion.")).

Although the court does not view the evidence as demonstrating an intent to confuse in the formative stages of defendants' venture, there is evidence in the record that could be viewed as suggesting an intent to confuse. To the point, in a press release in reference to defendants' planned Ridgeland restaurant, Clark Brennan was quoted as saying, "[I]t is in our blood to give phenomenal food and service and to provide the best possible dining experience *our patrons* have come to expect." Given the Brennan *family's* fame as restaurateurs, it would not have been misleading, or have implied a connection to Brennan's, merely to have said it was in defendants' blood to provide phenomenal food and service. However, the reference to "our patrons" could not have been a reference to Clark and Blake's "patrons" because they had no patrons; he was, instead, necessarily referring to Brennan's patrons, and thus his statement in this regard, in what was essentially an advertisement for

the restaurant, implied a connection to Brennan's. This is the only comment attributed to either defendant which could fairly be said to amount to an affirmative suggestion of a link between the parties' restaurants.[15] However, while plaintiff obviously disagrees, the court does not consider this comment, though careless, to have been calculated or intended to confuse or deceive.[16]

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[15] Plaintiff also cites to an article in Jackson VIP magazine which included the same quote regarding "our patrons," and which stated of Clark and Blake Brennan that

> [t]hey come from a long line of restaurant owners in the Crescent City and are now bringing their expertise to the metro area.
>
> "Expanding a new concept has been in the planning mode for quite some time, but due to Hurricane Katrina, the opportunity to act on those plans has risen to the forefront," Blake Brennan said.
>
> Their Royal B Restaurant will feature authentic New Orleans decor that will have you feeling like you're dining in the French Quarter. And to help you bring that feeling home, the Brennans have shared some of their signature food and drink recipes.

Plaintiff contends that this reference to Blake and Clark's "signature food and drink" recipes is really a reference to Brennan's signature food and drink recipes. However, neither of the defendants is reported to have made this reference to their "signature food and drinks." That characterization appears instead to have come from the author of the article.

[16] Many of the circumstances cited by plaintiff as supposed evidence of an improper intent relate to the fact that defendants "secretly" began the process of organizing and planning and seeking investors for their restaurant venture while still employed and paid by Brennan's, and while still employed and paid

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7. Any evidence of actual confusion:

"To show actual confusion, a plaintiff may rely on anecdotal instances of consumer confusion, or consumer surveys." *Scott Fetzer Co. v. House of Vacuums Inc.*, 381 F.3d 477, 486 (5th Cir. 2004). Brennan's has not offered survey evidence; rather, it has undertaken to show actual confusion through anecdotal evidence, consisting primarily of phone calls and emails to Brennan's by persons who evidently thought, erroneously, that defendants' restaurants were affiliated with Brennan's.

Specifically, plaintiff has offered evidence of the following: a December 2006 email inquiring about possible employment at the Jackson restaurant; a resume from a gentleman seeking employment at the Destin restaurant; a call log prepared by Candice Darce, a Brennan's hostess, reporting an April 5, 2007

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by Brennan's, had "secretly" formed and begun acting on their plan to open and operate restaurants "offering authentic New Orleans cuisine in a meticulously reproduced classic New Orleans style 'French Quarter' setting." Plaintiff submits that these acts of the defendants clearly indicate an intent to deceive. *See Blue Bell Bio-Medical v. Cin-Bad, Inc.*, 864 F.2d 1253, 1258 (5th Cir. 1989) (holding that an intent to deceive or profit from confusion may be inferred from the acts of the infringer). However, the issue is not whether defendants intended to deceive their uncles/employer, but whether their actions suggest an intent to deceive prospective customers. No such intent could reasonably be inferred from the mere fact that defendants (who, the court would note, were at no time encumbered by any covenant not to compete) were positioning themselves to start their new venture even before they resigned from Brennan's.

call from a lady asking for information about the new Brennan's restaurant,[17] an April 5, 2007 call from a gentleman inquiring about employment at the Jackson restaurant; an April 17, 2007 call from a lady asking if she could book a party at the Destin restaurant; an affidavit and testimony from Sandra Taylor, sales manager for Brennan's regarding a call from a gentleman requesting information regarding the restaurants in Destin and Ridgeland and an email from someone with the mayor's office in the City of Madison regarding Brennan's "other site locations;" testimony from Diane Miller regarding a call from a gentleman in Gulfport, Mississippi who said he had received a request for a quote from Clark Brennan on some restaurant equipment and who wanted to know whether Brennan's was opening a restaurant in Gulfport; and testimony from Bonnie Warren, Brennan's public relations consultant, regarding two phone calls she received from media outlets in Destin asking whether Brennan's would be interested in advertising for the new Destin restaurant.

Defendants characterize these inquiries as suggesting more "curiosity" than confusion, and note

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[17] The log regarding this particular call reflects that in response to Ms. Darce's having informed the caller that the new restaurants were not affiliated with Brennan's, the woman responded, "Oh, another family tiff." This is yet another indication that the Brennan family's schism which has resulted in Brennan's restaurants under different ownership is well known.

that evidence of mere curiosity, as opposed to actual confusion, is properly accorded little weight:

> A common type of evidence purporting to show confusion involves inquiries by customers or others about whether there is an affiliation or other relationship between the parties. Such inquiries, being ambiguous, are often given little or no weight in themselves or even combined with other evidence, at least as to the source of confusion.

R. Kirkpatrick, *Likelihood of Confusion in Trademark Law* § 7.5 (2006). Moreover, "relevant confusion is confusion is that which affects 'the purchasing and selling of goods or services in question;'" *Lang v. Retirement Living Publ'g Co.*, 949 F.2d 576 (2d Cir. 1991) (citing Restatement, § 2, "trademark infringement protects only against mistaken purchasing decisions and not against confusion generally"). About all plaintiff has shown here is only that a few curious people have inquired about defendants' proposed restaurants; this is not the kind of evidence of "actual confusion" that is the concern of trademark law.

Furthermore, anecdotal evidence of confusion can be relevant only where there is competent evidence to connect the cited instances to some representation by defendants. *See Scott Fetzer*, 381 F.3d at 487. "To prove infringement, [plaintiff] must ultimately prove that a misleading representation by [defendants], as opposed to some other source, caused a likelihood of confusion." *Id.* In other words, there must be proof that defendants are the source of the alleged

confusion. Here, the evidence is that two members of the Brennan family have announced they are opening a restaurant, which they have identified as "Clark and Blake Brennan's Royal B." Given that defendants are members of the Brennan family and have announced their plan to open restaurants in these locations, it is understandable that some members of the public would be curious, and would perhaps assume there is or may be some affiliation between defendants' planned restaurants and Brennan's; but the fact that some members of the public, in advance of the opening of any such restaurant by defendants, may have made such an assumption, would bear little on the issue of actual confusion. There is nothing to indicate that the calls or emails were caused by any misrepresentation by defendants. As such, plaintiff's anecdotes would not be sufficient, without more, to permit a reasonable finding that defendants caused the cited instances of confusion. *See id.*

8. Any other factors bearing on the likelihood of confusion:

Defendants point out that while their application for the mark "Clark and Blake Brennan's Royal B" has not been approved or allowed for publication, the trademark examiner has found "no similar registered or pending marks that would bar the registration under the Trademark Act. Defendants contend, and plaintiff does not dispute that this means the examiner, after conducing a search and reviewing the results, determined that defendants' proposed mark

is not confusingly similar to "Brennan's." This is a factor that detracts from plaintiff's request for relief.

However, in the court's opinion, the most significant factor, and it is compelling, is the fact that not only are there so many Brennan family restaurants operating in New Orleans and beyond, but that with the sole exception of Dickie Brennan's Steakhouse, plaintiff does not claim to have experienced confusion, or other than minimal confusion, or any corresponding loss of goodwill or reputation from the other restaurants, notwithstanding that so many of them are in close proximity to Brennan's. In his testimony, Ted Brennan took the position that there are other reasons these restaurants do not cause confusion, including the facts that some of them (e.g. Palace Cafe and Bourbon House) had gained their reputations long before the Brennan name was appended to them; and also the fact that unlike defendants' restaurants, these restaurants do not try to replicate Brennan's. However, the lack of confusion cannot be explained on these bases alone, and certainly not as to all the restaurants. Moreover, there is a Brennan's of Houston, which was specifically intended as a takeoff on the New Orleans Brennan's, and yet Jimmy Brennan could think of no confusion created by this restaurant. Ted Brennan indicated that people are occasionally confused about the Houston restaurant, but it has not detracted in the least from the reputation or goodwill of the original New Orleans Brennan's.

There was testimony, primarily from Ted Brennan, that there has been confusion of "biblical proportions" from Dickie Brennan's Steakhouse. However, because without including the Brennan's reference to this particular restaurant, it would be simply "Steakhouse," which would be essentially meaningless in trying to identify the restaurant to which one is referring. Moreover, the confusion that exists with respect to Dickie Brennan's Steakhouse relates to reservations being made at one or the other restaurants and people showing up at that the wrong restaurant, something that would tend to occur primarily because these restaurants are within a couple of blocks of each other. That would simply not be possible with restaurants hundreds of miles apart.

In sum, it is clear and undisputed that with the exception noted, the presence of these Brennan family restaurants within plaintiff's claimed "sphere of influence" has not caused confusion; Brennan's is thriving, as it seems are all the Brennan family restaurants. There is no reasonable basis for predicting that the addition of defendants' Royal B to the Brennan family's restaurants in the geographically distant Ridgeland and Destin would have any effect whatsoever on Brennan's reputation or goodwill or profitability.

"Likelihood of confusion is synonymous with a probability of confusion, which is more than a mere possibility of confusion." *Westchester Media,* 214 F.3d at 663-664. Here there is a possibility of confusion, but having considered and weighed the digits of

confusion, as discussed herein, the court concludes that plaintiff has failed to establish a likelihood of proving anything more than a possibility of limited confusion. For this reason, its motion should be denied. The court would go further and observe that it is not persuaded that plaintiff has sustained its burden as to the remaining requirements for obtaining an injunction.

Irreparable Harm

First, even assuming plaintiff had proven a likelihood of success on the merits, plaintiff has not established *irreparable* harm. Although it is often written that the loss of goodwill can be difficult to quantify and may warrant a finding of irreparable harm, it has also been said that the loss of goodwill of a business "is usually compensable in money damages." *DFW Metro Line Servcs. v. Southwestern Bell Tele. Co.*, 901 F.2d 1267, 1269 (5th Cir. 1990). On the issue of irreparable harm in the context of a trademark infringement claim, the Ninth Circuit has aptly observed,

> [C]ommon sense and various authorities suggest that any infringement or confusion must pose a threat to the business, profits or reputation of the plaintiff in order to create a possibility of irreparable harm. *See, e.g.*, 2 J. McCarthy, supra at § 30:18 ("[s]ome courts find sufficient irreparable injury to grant a preliminary injunction in a trademark case when plaintiff shows that, pending trial, it

> will lose control of its reputation because it rests upon the quality of defendant's activities as a result of a likelihood of confusion of purchasers"); *Apple Computer,* 725 F.2d at 526 ("once Apple demonstrated a likelihood of success on the merits [because of likelihood of confusion] . . . the district court could have reasonably concluded that continuing infringement would result in loss of control over Apple's reputation and loss of goodwill"); *Playboy Enterprises,* 486 F. Supp. at 432 ("in determining plaintiff's possible harm, the crucial question is not how different the magazines may be but whether there is a danger that plaintiff may lose control of its reputation as a result of confusion").

Sardi's Restaurant Corp. v. Sardie, 755 F.2d 719, 724-25 (9th Cir. 1985). Given the lack of evidence that defendants' restaurants would pose an imminent threat to Brennan's reputation even if some confusion about their relationship did occur, plaintiff has failed to establish irreparable harm. *See id.* ("Since the burden was on appellant to demonstrate a realistic possibility of irreparable harm, and since the possibility of harm was so slight, the trial court did not abuse its discretion in refusing to issue a preliminary injunction.").

Balance of Harms:

As for the relative harm to the parties, the court is convinced that any likelihood of confusion and resulting loss to Brennan's is slight. The court does

recognize that plaintiff does not seek to prevent defendants from opening their restaurants altogether, but merely to prevent them from using the Brennan name on their restaurants, which plaintiff suggests would not be much of a burden to defendants at all. While there is no absolute or inalienable right to use one's surname in business, regardless of the likelihood of confusion, there is "an appropriate judicial reluctance to preclude an individual's business use of his own surname when such is honest and straightforward, with no attempt to confuse the public." *Sardi's Restaurant,* 755 F.2d at 725 (recognition of a "judicial reluctance" to enjoin use of one's own name factor in analysis of balance of hardships). *See also* 1 J. *McCarthy, supra* at § 13:3(D) ("courts are naturally reluctant wholly to forbid a man to do business in his own name and have generally refused to do so. They have, however, insisted that he take whatever precautions the circumstances require to prevent deception. . . . ") (citation omitted).

Public Interest:

Finally, to allow defendants to use their own name on their own restaurants when the probability of confusion is slight or nonexistent would not disserve the public interest.

Conclusion:

Based on the foregoing, it is ordered that plaintiff's motion for preliminary injunction is denied.

SO ORDERED this 23rd day of May, 2007.

/s/ Tom S. Lee
UNITED STATES DISTRICT
JUDGE

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 07-60497

BRENNAN'S, INC.

Plaintiff-Appellant

v.

BERT CLARK BRENNAN; BLAKE W BRENNAN

Defendants-Appellees

Appeal from the United States District Court
for the Southern District of Mississippi,
Jackson

ON PETITION FOR REHEARING

(Filed Sept. 10, 2008)

Before SMITH, DeMOSS, and STEWART, Circuit Judges.

PER CURIAM:

IT IS ORDERED that the petition for rehearing is DENIED.

ENTERED FOR THE COURT:

/s/ Howard R. DeMoss, Jr.
United States Circuit Judge